

## Company and Sector Performance

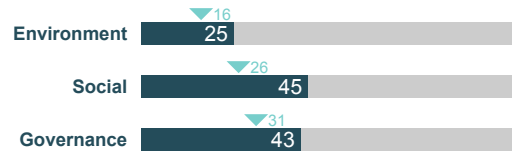


### ESG OVERALL SCORE

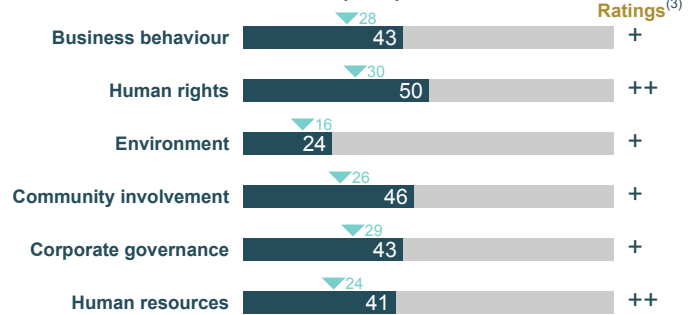


Information rate	78%
sector average	53%
Cooperation level <sup>(2)</sup>	Proactive
High severity controversies	No
Rank in Sector	1/18
Rank in Region	78/904
Rank in Universe	757/4482

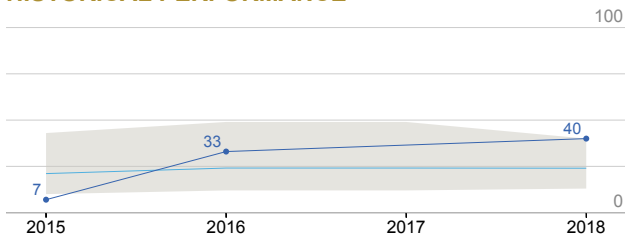
### ESG PERFORMANCE (/100)



### 6 DOMAINS PERFORMANCE (/100)



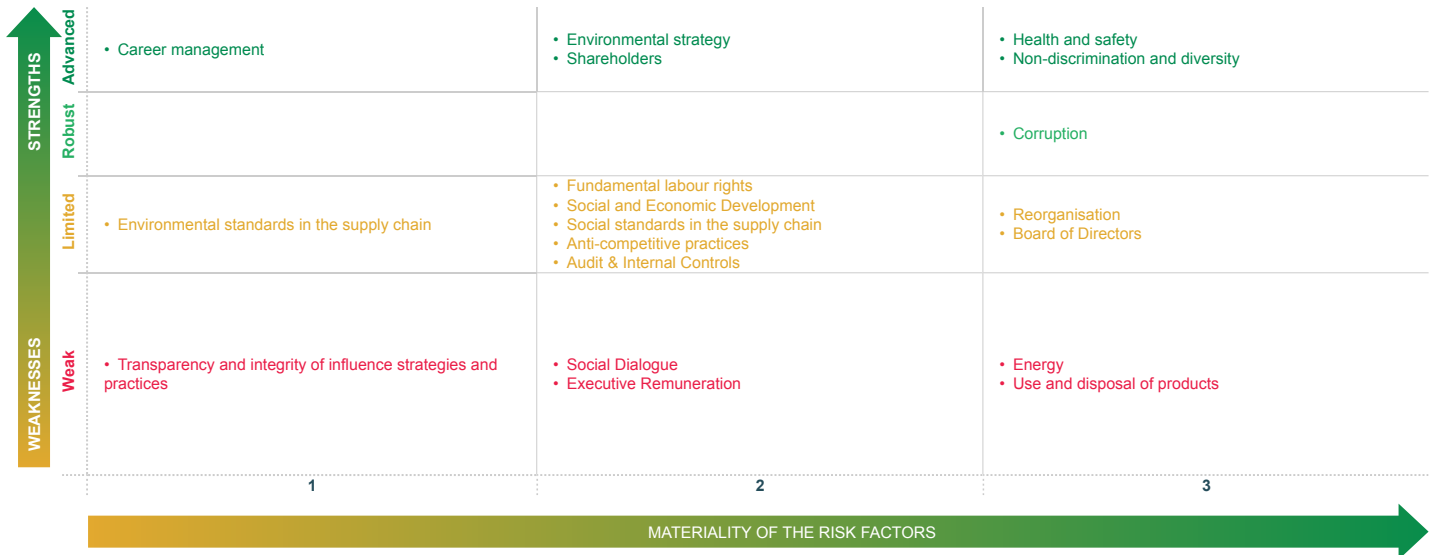
### HISTORICAL PERFORMANCE



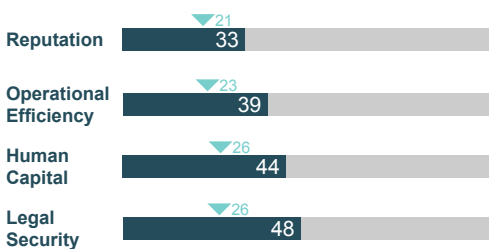
Company inclusion in Vigeo Eiris indices<sup>(4)</sup>: No

## Management of risks and opportunities

### MATERIALITY & PERFORMANCE MATRIX



### RISK MITIGATION INDEX (/100)



### ANALYST FOCUS

TOPIC	COMMENT	TREND
Social standards in the supply chain	The Company appears to have strengthened its efforts to ensure the respect of internationally recognised social standards in its supply chain, and reports on significant measures in this respect such as dedicated social audits.	↗
Health and Safety	The improvement of Ferreycorp's management of health and safety issues is visible from the disclosure of a highly relevant commitment with targets on this area. Related KPIs display a positive trend.	↗
Use and disposal of products	The Company continues to fail on reporting consistently on how it is answering stakeholders' demand for more environmental-friendly products.	→

## Carbon Footprint and Energy Transition\*

"The Carbon Footprint & Energy Transition research provides an assessment of a company's carbon footprint combined with the strategy to manage risks and opportunities related to the transition to a low carbon economy. NI (No Info) is used to indicate that the information is not available."

### CARBON FOOTPRINT



SCALE	EMISSIONS (T CO2 EQ)	CATEGORIES
A	<100 000	Moderate
B	>= 100 000 and <1 000 000	Significant
C	>= 1 000 000 and <10 000 000	High
D	>= 10 000 000	Intense

### ENERGY TRANSITION SCORE



ENERGY TRANSITION SCORE	CATEGORIES
60-100	Advanced
50-59	Robust
30-49	Limited
0-29	Weak

## Goods and services contributing to sustainable development\*

"Sustainable Goods & Services research provides a positive screening on companies to identify business activities devoted to sustainable solutions."



INVOLVEMENT	CATEGORIES
>=50%	Major
20-49%	Significant
0-19%	Minor
0%	None

## Involvement in controversial activities\*

"The Controversial Activities research provides screening on companies to identify involvement in business activities that are subject to philosophical or moral beliefs."

Involvement in controversial activities: Not available in this version

### Screened Areas:

- Alcohol
- Animal welfare
- Chemicals of concern
- Civilian firearms
- Fossil fuels
- Gambling
- Genetic engineering
- High interest rate lending
- Military
- Nuclear power
- Pornography
- Reproductive medicine
- Tobacco

For more information please contact us at [customer.service@vigeo-eiris.com](mailto:customer.service@vigeo-eiris.com)

(1) Performance level: weak (0-29/100), limited (30-49/100), robust (50-59/100), advanced (60-100/100)  
 (2) Cooperation level on a 4-level scale: proactive, responsive, partially responsive, not responsive  
 (3) Ratings outline companies' benchmarked domain performance within a sector, on a 5-level scale: "-", "=", "+", "+", "+"  
 (4) Indices: based on the most recent indices at the date of publication. More details on vigeo-eiris.com.

Company performance in all the Sustainability Drivers

		Weight	Overall score 40/100		Trend	Score	Leadership	Implementation	Results
			<b>Environment</b>		→	24	23	32	0
E	ENV2.2	3	Energy		→	20	30	30	0
E	ENV3.1	3	Use and disposal of products		→	0	0	0	0
E	ENV1.1	2	Environmental strategy		→	66	48	83	N/A
			<b>Human Resources</b>		→	41	35	44	45
S	HRS2.3	3	Reorganisation		→	33	0	65	35
S	HRS3.2	3	Health and safety		↗	66	77	55	65
S	HRS1.1	2	Social Dialogue		→	7	0	0	22
S	HRS2.4	1	Career management		↗	62	83	39	65
			<b>Human Rights</b>		↗	50	54	39	57
S	HRT2.4	3	Non-discrimination and diversity		↗	61	65	65	52
S	HRT2.1	2	Fundamental labour rights		→	34	37	0	65
			<b>Community Involvement</b>		↗	46	41	48	48
S	CIN1.1	2	Social and Economic Development		↗	46	41	48	48
			<b>Business Behaviour (C&amp;S)</b>		↗	43	47	40	41
G	C&S3.1	3	Corruption		↗	50	65	32	53
S	C&S2.4	2	Social standards in the supply chain		↗	46	48	69	22
G	C&S3.2	2	Anti-competitive practices		↗	46	52	32	53
E	C&S2.3	1	Environmental standards in the supply chain		↗	37	30	58	22
G	C&S3.3	1	Transparency and integrity of influence strategies and practices		→	12	0	0	35
			<b>Corporate Governance</b>		↗	43	29	44	56
G	CGV1.1	3	Board of Directors		↗	49	20	49	79
G	CGV2.1	2	Audit & Internal Controls		↗	46	17	65	56
G	CGV3.1	2	Shareholders		↗	62	83	60	44
G	CGV4.1	2	Executive Remuneration		→	11	0	0	33

■ Weak (0-29/100)    
 ■ Limited (30-49/100)    
 ■ Robust (50-59/100)    
 ■ Advanced (60-100/100)

☔ Involvement in allegations    
 ☔ Involvement in allegations with evidence of corrective measures

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Benchmark  
Position versus sector peers

Position versus sector peers		Environment	Human resources	Human rights	Community involvement	Business behaviour (C&S)	Corporate governance	Overall Score
<b>PEP736001004</b>	<b>Ferreycorp</b>	+	++	++	+	+	+	<b>40</b>
TW0001402006	Far Eastern New Century	+	+	++	=	++	=	35
MYL419700009	Sime Darby	+	=	++	+	+	+	34
KR7034020008	Doosan Heavy Industries & Construction	=	+	++	=	++	=	32
INE003A01024	Siemens India	=	=	++	+	+	=	30
ID1000058407	United Tractors	+	+	+	+	=	=	29
KR7010140002	Samsung Heavy Industries	+	+	=	-	=	=	27
KR7009540006	Hyundai Heavy Industries	=	+	+	=	=	=	26
KR7034730002	SK Holdings	=	=	+	-	=	-	23
CNE1000004X4	Zhuzhou CRRC Times Electric	=	=	=	+	-	=	22
KR700088K015	Hanwha	-	=	=	+	=	-	20
HK0267001375	CITIC	=	=	=	=	=	-	18
MXP461181085	Grupo Carso	-	=	+	-	=	-	18
KYG4232C1087	Haitian International Holdings	=	=	=	--	-	=	18
KR7047050000	POSCO Daewoo	-	-	=	-	=	=	17
PHY003341054	Alliance Global Group	-	=	-	--	=	=	15
CNE100000BG0	CRRC	-	-	-	-	-	=	15
KR7001740000	SK Networks	-	-	-	-	-	-	13

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## General information

Ferreycorp was founded in 1922 and is headquartered in Lima, Peru, where it is mainly active along with Chile, Ecuador, Colombia, Guatemala, Belize, Honduras, Salvador, Nicaragua and Bolivia. The Company distributes machinery and equipment, including mining

trucks, loaders, tractors, motor graders, excavators, electric and hydraulic face shovels, track-drills and rotary drills, low-profile loaders for underground mining, marine engines and electricity generating sets, among others.

## Selected financial data

Key data	Revenues	EBIT	Employees
2017	PEN 4,843.4m	PEN 421.4m	6,387
2016	PEN 4,856.3m	PEN 425.2m	6,540
2015	PEN 5,204.1m	PEN 490.5 m	6,665
2014	PEN 4,846.2m	PEN 337.6 m	6,633
2013	PEN 4,998.7m	PEN 390.2 m	6,303

Main economic segment	Turnover 2017
Heavy Equipment, Spare Parts and Services	79.5%
Others	9.2%
Vehicles, Spare Parts and Services	5.4%
Rental Equipment	3.5%
Agricultural Equipment, Spare Parts and Services	2.4%

## Selected ESG Indicators

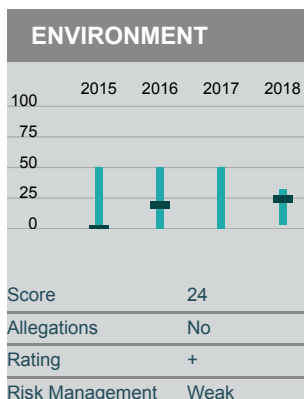
Main shareholders	2018
Prima AFP SA	11.5%
La Positiva Vida Seguros y Reaseguros SA	8.4%
AFP Integra SA	8.2%
Onyx Equity Management Gestora de Invetimentos Ltda.	8%
Mason Hill Advisors LLC	5.8%
Ferreycorp SA	5.1%

	2017	2016
Non-executive Board member(s) responsible for CSR issues	Yes	No
Executive remuneration linked to CSR performance	Yes	N/A
3-year energy consumption trend (normalized to turnover)	↗	↗
Ratio of payments to employees vs. Shareholders	N/A	N/A
Percentage of independent Board members	44	N/A
Percentage of women on Board	0	N/A
Percentage of women in Executive team	N/A	N/A
Percentage of women in workforce	N/A	14.1
Percentage of employees covered by collective agreements on working conditions	N/A	N/A
3 year trend for safety at work	↘	↘
Involvement in armament	No	No
Transparency on payment of tax	N/A	N/A
Management of social risks in supply chain	Limited	Weak
Transparency on lobbying budget	No	No

Geographical Breakdown	Turnover 2017	Employees
Peru	89.6%	84.7%
Guatemala	5.4%	5.6%
El Salvador	3.3%	3.0%
Other	0.9%	6.5%
United States	0.8%	0.2%

## CSR performance per domain

■ Sector performance  
■ Company performance  
Rating : min- / max ++



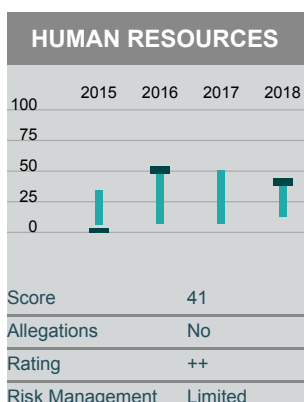
### Key issues

Two environmental issues are of major relevance for the IGS sector. The first concerns companies' energy consumption and the related emissions, since most companies in the sector use industrial processes with large energy consumption. There is also an increasing pressure from clients on companies to offer products with a reduced environmental impact, as IGS products constitute key drivers to reduce energy consumption and associated emissions of other industries. The management of environmental impacts from the use and disposal of product is therefore a key sustainability driver in the sector.

### Company performance

- In the Environment domain, Ferreycorp achieves a weak performance in absolute terms which is consistent with the previous review.

- The Company's score in this domain is still hindered by its lack of reporting as regards how it tackles the issue of its products' impacts on the environment throughout their lifecycle. However, the Company's performance related to its environmental strategy continues to be advanced mainly thanks to an Environmental Management System based on ISO 14001 standards that is audited through environment management programmes at all Ferreycorp's subsidiaries. As for the Company's impact from energy use, although it reports on a general commitment with some measures in place to address the issue, related KPIs show negative trends.



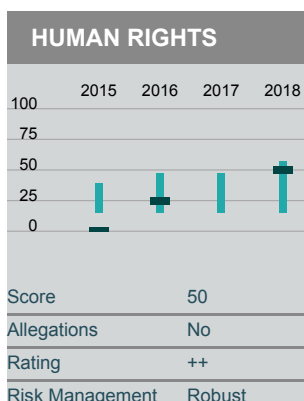
### Key issues

The nature of the activities of the IGS sector exposes workers to health and safety problems such as accidents both on-site and on clients' sites, exposure to toxic substances, and repetitive movements. Stress management also remains a key issue both for workers employed on production lines and employees in engineering services, who face stress linked to delivery deadlines. Another key area of interest is the management of reorganisation, given the wave of restructurings having taken place in the past years, which included delocalisations to emerging markets.

### Company performance

- Ferreycorp achieves a limited performance in absolute terms in the Human Resources domain, in line with the previous review.

- The Company continues to be silent on a commitment to manage its reorganisations responsibly, although it does report on few measures implemented to tackle this issue, such as outplacement services. As for the promotion of labour relations, a commitment to address this issue is still missing and only 10% of Company's employees appear to be covered by collective agreements on working conditions. Ferreycorp's performance in terms of health and safety has improved. In addition to a formalised commitment and some targets in this regard, the Company now appears to allocate extensive means dedicated to health, safety and stress at work. Finally, related indicators show positive trends.



### Key issues

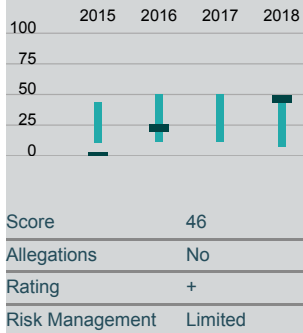
The prevention of discrimination is the area of focus for human rights in IGS companies, as the sector has historically been male-dominated and faces the issues of workforce ageing and integration of persons with disabilities. In this respect, efficient prevention systems and pro-active diversity promotion are factors of enhanced competition.

### Company performance

- In the Human Rights domain, Ferreycorp achieves a robust performance in absolute terms which represents an improvement compared to the previous review.

- The Company has issued a formalised commitment to non-discrimination and reports on dedicated relevant measures to address this issue, such as affirmative action programmes and monitoring of salary disparities. Related KPIs, such as the share of women in management positions show positive trends. On the other hand, although the Company has made general references to respect fundamental labour rights, there is no evidence of measures in place to promote freedom of association and collective bargaining.

**COMMUNITY INVOLVEMENT**



**Key issues**

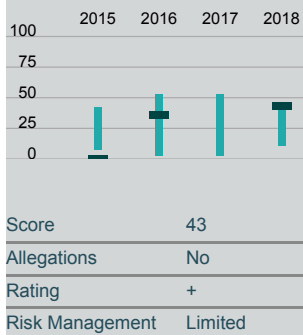
The main issue at stake for the IGS sector in the field of community involvement concerns companies' impacts on local social and economic development. Given their economic power, IGS companies can have major impacts on the development of the region in which they are located. IGS companies are expected to promote local economic and social development when operating in developing countries, and also to manage impacts that their reorganisation may have on local development. Since tax revenues are key factors of local economic development, companies are also assessed on their responsibility in terms of tax policy and the transparency of their tax reporting.

**Company performance**

- Ferreycorp's absolute performance in the Community Involvement domain is limited and represents an improvement compared to the previous review.

- Although the Company has operations in an offshore financial centre, it does justify its presence there and also reports significantly on the taxes it pays in its key countries of operations. Regarding the way the Company addresses local development, Ferreycorp is committed to this issue and reports on significant measures in this regards, such as trainings and programmes to support transfer of technologies. However, measures implemented seem to be limited to Perú and its provinces.

**BUSINESS BEHAVIOUR (C&S)**



**Key issues**

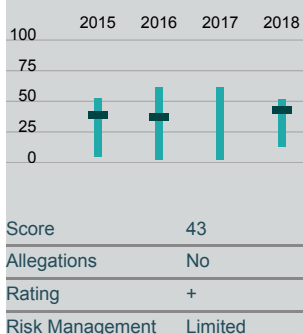
The business behaviour issue that is most at stake for companies in the IGS sector is the prevention of corruption, given that principal business partners include other large companies or public authorities. In addition, given the often oligopolistic structure of the markets in which IGS companies, the prevention of anti-competitive practices is key for the sector. The integration of social and environmental factors in the supply chain are also important since the impact of IGS suppliers on these issues is considerable, especially when it comes to companies supplying metal or other related products or operating in countries where social standards are not upheld.

**Company performance**

- Ferreycorp's performance in the Business Behaviour domain is limited in absolute terms, which represents an improvement compared to the previous review.

- The Company has a confidential complaint channel in place to report violations of its Code of Ethics with regard to anti-competitive practices and corruption. During the period under review, cases of non-compliance were reported through this tool. Ferreycorp now refers to environmental and social factors in its supply chain, and to measures established to address these issues, such as supplier assessment and non-compliance procedures. Dedicated audits covering these issues are also reported to be in place. Finally, Ferreycorp continue to be silent on the transparency and integrity of lobbying practices.

**CORPORATE GOVERNANCE**



**Key issues**

Corporate governance is critical to ensuring that a well functioning system of checks and balances protects the interests of all of the company's stakeholders. The effectiveness of the Board of Directors is a key issue to be addressed: this can be gleaned from information on Board composition (independence and competencies) and its way of functioning (regularity of Board meetings, evaluation of performance). Other important corporate governance factors include the effectiveness of the Audit and Internal control system , the protection of Shareholders Rights and the establishment of Executive Remunerations which align executive and company interests.

**Company performance**

- Ferreycorp's absolute performance in the Corporate Governance domain is limited and represents an improvement compared to the previous review.

- The Board of Directors' level of independence is still below the recommended level and the Board lacks on diversity, with no female representation. The roles of Chairman and CEO are combined and there is no senior independent Director. On a more positive side, shareholders rights appear to be overall respected, Ferreycorp respects the "one share - one vote" principle and no reference to anti-takeover devices was found. The Audit Committee has a comprehensive role in overseeing internal and external controls, yet CSR risks are apparently still not covered by the Company's internal controls system. Finally, executive remuneration remains an area for improvement, as the Company appears to be overall silent on this topic.

## CSR performance per criterion



### Detailed Analysis

<b>Environment</b>		<b>10</b>
ENV1.1	Environmental strategy and eco-design	10
ENV1.2	Pollution prevention and control (soil, accident)	12
ENV1.4	Protection of biodiversity	13
ENV2.1	Protection of water resources	14
ENV2.2	Minimising environmental impacts from energy use	15
ENV2.4	Management of atmospheric emissions	17
ENV2.5	Waste management	18
ENV3.1	Management of environmental impacts from the use and disposal of products/services	19
<b>Human resources</b>		<b>21</b>
HRS1.1	Promotion of labour relations	21
HRS2.3	Responsible management of reorganisation	23
HRS2.4	Career management and promotion of employability	25
HRS3.2	Improvement of health and safety conditions	27
<b>Human rights</b>		<b>30</b>
HRT1.1	Respect for human rights standards and prevention of violations	30
HRT2.1	Respect for freedom of association and the right to collective bargaining	31
HRT2.4	Non-discrimination	33
<b>Community involvement</b>		<b>35</b>
CIN1.1	Promotion of the social and economic development	35
<b>Business behaviour (C&amp;S)</b>		<b>38</b>
C&S1.1	Product Safety (process and use)	38
C&S2.3	Integration of environmental factors in the supply chain	39
C&S2.4	Integration of social factors in the supply chain	41
C&S3.1	Prevention of corruption	43
C&S3.2	Prevention of anti-competitive practices	46
C&S3.3	Transparency and integrity of influence strategies and practices	48



## Corporate governance

		50
CGV1.1	Board of Directors	50
CGV2.1	Audit & Internal Controls	53
CGV3.1	Shareholders	55
CGV4.1	Executive Remuneration	56

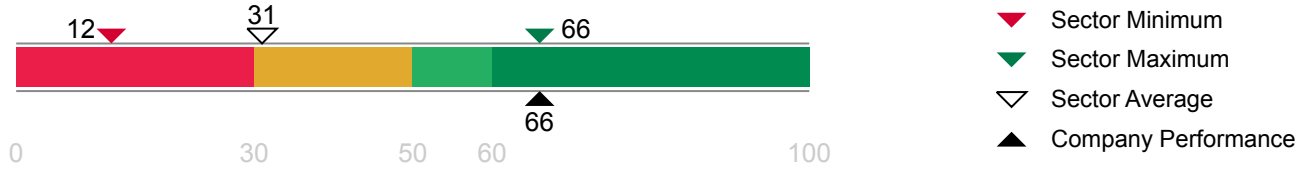
 Involvement in allegations
  Involvement in allegations with evidence of corrective measures

Environment

Score: 24

ENV1.1 Environmental strategy and eco-design

(score: 66, weight: 2)



Visibility of commitment to environmental issues

The company has issued a formalised commitment to environmental protection in its Safety, Health and Environment Integrated Policy. The company is a signatory of the Global Compact and communicates on this principle.

Relevance of environmental strategy

The company commits to some of its responsibilities in terms of environmental protection:

- Pollution prevention and control (soil, accident)
- Protection of water resources
- Minimising environmental impacts from energy use
- Management of atmospheric emissions
- Management of environmental impacts from the use of products/services
- Management of environmental impacts from the disposal of products/services
- Protection of biodiversity
- Waste management

Ownership of commitment

The commitment applies throughout the company, supported by senior management. In addition, there is a dedicated structure responsible for this issue.

The company reports to have a Safety, Health and Environment Committee in place.

Means allocated to environmental management

The company has allocated significant resources to environmental management.

- Environmental manual specifying procedures and responsibilities
- Internal audits that assess the effectiveness of the EMS
- Management review of the EMS (at Executive Level)
- Environmental performance measured against targets
- External verification of reporting on environmental performance

Ferreycorp states it has an Industrial Safety, Occupational Hygiene and Environment Management System based on ISO standard 14001. Of note, the company has informed Vigeo Eiris on conducting Management review of the EMS (at Executive Level), however, Ferreycorp has not provided enough evidence on how this is performed.

Coverage of certified environmental management systems

More than 75% of the company's sites/offices have a certified environmental management system.

Ferreycorp states that its Environmental Management System based on ISO 14001

*is executed, monitored and audited through the Environment Management Programmes of each company.*

<b>Leadership</b>	<b>48</b>
Visibility	65
Relevance	30
Ownership	65

<b>Implementation</b>	<b>83</b>
Means & resources	65
Coverage	100

## ENV1.2 **Pollution prevention and control (soil, accident)** (deactivated)

As Ferreycorp is involved in rental services and does not manufacture their products, this issue is not analysed for this company.

## ENV1.4 **Protection of biodiversity**

(deactivated)

Ferreycorp imports, distributes, sales and leases machinery and equipment. Therefore, the issue of biodiversity's protection is not analysed for this company.

## ENV2.1 Protection of water resources

(deactivated)

As Ferreycorp is involved in rental services and does not manufacture their products, this issue is not analysed for this company.

**ENV2.2 Minimising environmental impacts from energy use**

(score: 20, weight: 3)



**Relevance of the company's commitment in terms of reducing its energy consumption.**

The company's commitment to reduce its energy consumption is general.

*The company has informed Vigeo Eiris that it has the following target: 17% reduction in electrical energy as regards the total energy output of the main building. However, baseline and targeted years have not been provided.*

**Relevance of the company's commitment in terms of reducing its energy-related emissions.**

The company's commitment to reduce its energy-related emissions is general.

*Of note, the company has informed Vigeo Eiris that it has the following target: 15% reduction in its carbon emissions. However, baseline and targeted years have not been provided.*

**Means allocated**

The company has limited measures in place to reduce its energy consumption and/or its related emissions.

*Ferreycorp monitors its CO2 emissions as well as its energy consumption. The company has informed Vigeo Eiris that it started a pilot project to reduce its carbon emissions, the carbon footprint was measured in an administrative building. Objectives were established for the reduction of these emissions, activities such as internal campaigns, change of conventional lights to LED lights among others. After 1 year, a reduction of 15% in emissions was achieved, and due to the success of this first pilot, Ferreycorp reported it will measure the carbon footprint in its other facilities and companies. Of note, the company has replaced the normal light bulbs to LED lights in the main venues of Ferreycorp.*

**Coverage**

The company has taken such measures in a minority of sites.

*The company reports on its CO2 emissions for Ferreyros (which represents 62% of its revenues) and on its energy consumption for Ferryros, Fargoline, Unimaq, Motored and Soltrak (which all together represent about 81% of its revenues). However, there is no evidence that pilot project covers the majority of the company's sites.*

**Energy consumption**

*The company's energy consumption, normalised to sales, has increased by 5% over the past three years, from 8 MWh per PEN million in 2015 to 8.4 MWh per PEN million in 2017.*

**CO2 emissions linked to energy consumption (direct AND indirect, when applicable)**

*The company's greenhouse gas emissions, normalised to sales, has increased by 16% over the past three years, from 1.9 tonnes per PEN million in 2015 to 2.2 tonnes per PEN million in 2017.*

**SO2 emissions linked to energy consumption**

The company does not disclose quantitative data on SO2 emissions (direct AND/OR indirect) linked to energy consumption.

**NOx emissions linked to energy consumption**

The company does not disclose quantitative data on NOx emissions (direct AND/OR indirect) linked to energy consumption.

<b>Leadership</b>	<b>30</b>
Relevance	30

<b>Implementation</b>	<b>30</b>
Means & resources	30
Coverage	30

<b>Results</b>	<b>0</b>
Performance	0

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**ENV2.4      Management of atmospheric emissions**  
(deactivated)

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As Ferreycorp is involved in rental services and does not manufacture the products it sells, this issue is not analysed for this company.

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**ENV2.5**      **Waste management**  
(deactivated)

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As Ferreycorp is involved in rental services and does not manufacture the products it sells, this issue is not analysed for this company.

ENV3.1

Management of environmental impacts from the use and disposal of products/services

(score: 0, weight: 3)



Relevance of commitments related to the use of products

The company does not disclose any commitments related to the use of its products.

Materiality of means on the use of products

Information obtained from company and public sources regarding means allocated to limiting the environmental impacts related to the use of its products is insufficient.

Coverage with regard to measures affecting the use of the product

Information obtained from company and public sources regarding the percentage of its product portfolio covered by measures affecting the use of the product is insufficient.

Relevance of commitments related to the disposal of products

The company does not disclose any commitments related to the disposal of its products.

Materiality of means on the disposal of products.

Information obtained from company and public sources regarding means allocated to limiting the environmental impacts related to the disposal of its products is insufficient.

- development of products designed for recycling or dismantling
- product labelling
- information on recycling or dismantling methods
- ensuring products do not contain hazardous substances (RoHS Directive)
- using recycled and/or recyclable materials
- creating/contributing to the creation of a network to collect products at the end of their life cycle.
- reduced use of materials (reduction at the source)

Coverage with regard to measures affecting the elimination of the product

Information obtained from company and public sources regarding the percentage of sites covered by measures affecting the elimination of the product is insufficient.

Share of products that have a reduced environmental impact during use and/or disposal

The company does not disclose data on the share of its products that have a reduced environmental impact during use and/or disposal.

<b>Leadership</b>	<b>0</b>	<b>Implementation</b>	<b>0</b>	<b>Results</b>	<b>0</b>
Relevance	0	Means & resources	0	Trends	0
		Coverage	0		

Human resources

Score: 41

HRS1.1 Promotion of labour relations

(score: 7, weight: 2)



Visibility of commitment

The company does not disclose any commitment to promote labour relations.

Relevance of commitment

The company does not disclose any commitment to promote labour relations.

Ownership of commitment

The company does not disclose any commitment to promotion of labour relations.

Coverage of employee representative bodies

Employee representative bodies have been set up only in a minority of company sites.

*Employee representative bodies appear to have been set up, however their coverage is unclear.*

Subjects covered by collective bargaining

Information obtained from company and public sources regarding the subjects covered in collective bargaining is insufficient.

- health & safety
- CSR issues
- remuneration
- working hours
- training
- career development
- work time flexibility
- employability/life long learning
- stress management
- equal opportunities

*The company has informed Vigeo Eiris that it has employees covered by collective agreements on working conditions. However, information on the subjects covered by these collective bargaining agreements has not been found.*

Employee representative bodies in countries with restrictive legislation

*Although the company operates in countries where labour rights could be at risk, such as Peru, information obtained from company and public sources regarding how the company promotes employee representation in these countries is insufficient"*

Stakeholders' feedback

*As of 08/2018, Ferreycorp did not appear to be involved in any controversy related to this sustainability driver.*

**Coverage of collective agreements on working conditions**

Collective agreements on working conditions cover less than 25% of its employees.

*The company has informed Vigeo Eiris that the percentage of employees covered by collective agreements on working conditions during 2017 was 10%.*

<b>Leadership</b>	<b>0</b>
Relevance	0
Ownership	0

<b>Implementation</b>	<b>0</b>
Means & resources	0
Scope	0
Coverage	0

<b>Results</b>	<b>22</b>
Performance	22

**HRS2.3 Responsible management of reorganisation**

(score: 33, weight: 3)



**Relevance of commitment to manage reorganisations responsibly**

The company does not disclose any commitment to manage reorganisations responsibly.

**Involvement with employee representatives**

The company does not disclose any commitment to inform and consult employee representatives on reorganisations.

**Means allocated to prevent and manage reorganisations**

The company has allocated significant measures to limit the impacts of reorganisations:

- significant financial compensation
- early retirement
- reduction of labour time
- internal mobility programme
- outplacement services
- individualised follow-up of employees
- re-training

- *significant financial compensation* : Laid-off employees are entitled to an indemnisation amounting to 1.5 of their monthly wages per year spent in the company, with a limit set at 12 remunerations;  
 - *outplacement services*: The company mentions this as a measure that can be taken in order to mitigate the impacts of reorganisations on its employees.

**Coverage**

These means are allocated for all the company's employees affected by the reorganisations.

*All employees under a permanent contract who are dismissed for a reason other than fraud or misconduct are entitled to these measures.*

**Stakeholders' feedback**

*As of 08/2018, Ferreycorp did not appear to be involved in any controversy related to this sustainability driver.*

**Result of the company's commitment to manage reorganisations responsibly**

The company does not provide any information on the impacts of reorganisations on employment.

*In addition, the number of employees has decreased from 2015 to 2017.*

Leadership	0	Implementation	65	Results	35
Relevance	0	Means & resources	65	Performance	35
Ownership	0	Coverage	65		



**HRS2.4 Career management and promotion of employability**

(score: 62, weight: 1)



**Visibility of commitment**

The company has issued a largely publicised, formal commitment to promote career management and training which is publicly available in its:

*Code of Ethics.*

**Relevance of commitment**

The company's commitment to promoting career management and training addresses its main responsibilities:

- Ensure training, life-long learning and employability
- Promote career development
- Anticipate short and long-term employment needs and skill requirements (ageing workforce)
- Put in place a concerted career management framework, which is transparent and individualized

**Ownership of commitment**

The Head of Human Resources is part of the company's Board or Executive Committee and line managers are evaluated on their performance in terms of human resources management.

*The Head of Human Resources is part of the company's Executive Committee and line managers are evaluated on their performance in managing talent and building their team's skills.*

**Career management systems**

The company has set up an internal job opportunity marketplace and/or has formalised the skill requirements for the various job positions. Moreover employees have regular performance assessment interviews.

*Ferreyros, Ferreycorp's main subsidiary, has formalised the skill requirements for the various job positions. In addition, Ferreycorp told Vigeo Eiris that it has implemented a system of objectives setting and performance assessment interviews. These interviews are conducted every six months.*

**Coverage of career management systems**

These career management systems cover a minority of the company's employees.

*Ferreyros employees account for 53% of Ferreycorp's total workforce. On the other hand, there is no evidence that the performance assessment interviews are conducted for a majority of the company's employees.*

**Types of training provided to non-managers**

*Ferreycorp reports that it has developed the Service Pro programme, which aims at providing the necessary training to technical workers and employees in Logistics in order for them to adapt to the new requirements of their positions.*

**Means allocated to training for all employees**

*The company only publishes indicators over the past two years, and its Annual training budget normalised to number of employees have increased by 33% and stood at 400 Euros per employee in 2017.*

**Mobility / turnover**

*Ferreycorp employees' turnover rate has decreased by 2 percentage points between over the past three years, from 16% in 2015 to stand at 14% in 2017.*

**Training delivered during the year under review**

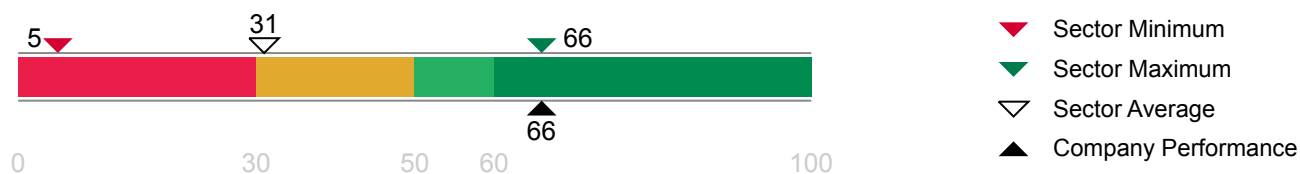
The majority of the company's employees received training during the year under review.

*78% of the company's employees were reported to have received training during 2017.*

<b>Leadership</b>	<b>83</b>	<b>Implementation</b>	<b>39</b>	<b>Results</b>	<b>65</b>
Visibility	100	Means & resources	48	Performance	65
Relevance	65	Scope	30		
Ownership	100	Coverage	30		

**HRS3.2 Improvement of health and safety conditions**

(score: 66, weight: 3)



**Visibility of health & safety commitments**

The company has made a formalised commitment to health and safety issues, and has set up quantitative targets in this regard.

*The company has made a formalised commitment to health and safety issues in its Safety, Health and Environment Integrated Policy. In addition, the company has the following targets for 2018:*

- Certify its industrial headquarters on OHSAS 18001
- Achieve a lost-time injury frequency rate below 0.25

**Relevance of commitment**

The company's commitment addresses its main responsibilities:

- ensure awareness about health and safety issues
- reduce the number of work accidents and their severity
- prevent occupational disease due to the exposure to hazardous substances (VOCs, nanomaterials etc.)
- reduce stress/promote well-being
- improve workstation ergonomics

**Ownership of commitment**

The commitment applies throughout the company, supported by senior management. In addition, responsibility for commitments is allocated to a dedicated structure or local managers are held accountable.

*The company reports it has a Safety, Health and Environment Committee in place.*

**Means allocated to health and safety**

The company has allocated means to address these issues, including a certified health and safety system:

- training/awareness raising programmes
- measures to prevent exposure to hazardous substances
- internal monitoring
- risk assessments
- internal H&S audits
- H&S competitions
- remuneration based on H&S performance
- OHSAS 18001 certifications
- improvement of workstation

- *internal monitoring: Ferreycorp states that it keeps a record of occupational accidents and monitors safety indicators;*
- *training programmes: as part of Ferreycorp's online academy, courses on health and safety are provided;*
- *risk assessments: the company report it conducts preventive assessments of its operations in order to detect potential working conditions or working habits that*

could present a safety risk;  
 - internal H&S audits: planned and unannounced inspections are regularly realized in order to assess the operations' level of compliance with the company's internal H&S management system.  
 - OHSAS 18001 certifications: The company reports on having a "Política integrada de Calidad, Seguridad, Salud, Medio Ambiente y Responsabilidad Social" certified on OHSAS 18001.

In addition, the company reports on measures to prevent employees' exposure to hazardous substances. It appears that each employee has to be able to identify products and their associated NFPA diamond, which is a standard system for the identification of the risks posed by hazardous materials and the procedures to follow in case of emergency. Employees also have access to safety sheets that list the chemicals contained in the product and the necessary equipment required to handle the product.

**Coverage of health and safety system**

The health and safety measures cover the majority of the company's employees.

The health and safety measures appear to cover the majority of the company's employees.

**Means allocated to reduce stress at work**

The company has allocated basic means to address stress at work, including:

- monitoring of absenteeism/rate of occupational disease
- job redesign (work organisation)
- assessment of stress through analysis of internal H&S data
- monitoring of stress through opinion surveys
- awareness raising for employees
- identification of stress sources
- stress support instruments (hotline, counselling service, employee assistance programme, etc)
- training on stress for employees
- training on stress for managers
- measures to improve ergonomics/ ergonomic design of workplaces

- monitoring of absenteeism/rate of occupational disease: the company monitors its absenteeism rate.

- assessment of stress through analysis of internal H&S data: The company reports to have an assessment of stress sources through the evaluation of several factors, such as social relations in the workplace, training, time off, etc.

- identification of stress sources: The company has informed Vigeo Eiris that it has performed a study to determine the main psychosocial risks present in the "Recovery Workshop" area and provide recommendations according to the results of the evaluation.

- Awareness raising for employees: The company reports on providing training on "Forced Postures and Repetitive Movements" to personnel exposed to these risks.

Of note, the company has informed Vigeo Eiris on having stress support instruments such as a psicosocial examen performed on employees and a doctor that acts upon the results of the examination. However, the company lacks on information on how the company supports its employees that have bad results on this exams.

The company also reports on having performed some studies to ergonomics monitoring, on which recommendation to improvement have been made. However, information on the steps taken by the company to improve ergonomics or to implement a ergonomic design of workplaces has not been found.

**Coverage of means allocated to address mental health**

The measures allocated to address mental health cover the majority of the company's employees.

The company has informed Vigeo Eiris that 100% of its employees are assessed

on factors related to mental health.

**Accident frequency rate**

*Ferreycorp's lost-time injury frequency rate has decreased, but not continuously, by 53% over the past five years, from 0.95 injuries per 200,000 hours worked in 2013 to 0.45 injuries per 200,000 hours worked in 2017.  
The total recordable injury frequency rate has decreased, but not continuously, by 51% over the past five years, from 1.28 injuries per 200,000 hours worked in 2013 to 0.63 injuries per 200,000 hours worked in 2017.*

**Accident severity rate**

*The company's severity rate has decreased significantly by 89% over the past three years, from 168.5 days lost per 200,000 hours worked in 2015 to 18.09 days lost per 200,000 hours worked in 2017.*

**Other health and safety indicators**

*The absenteeism rate has decreased by 0.19 percentage points over the past five years, to stand at 1.66% in 2017.  
The company has informed Vigeo Eiris that there had been no case of occupational diseases between 2013 and 2017.*

**Stakeholders' feedback**

*As of 08/2018, Ferreycorp did not appear to be involved in any controversy related to this sustainability driver.*

<b>Leadership</b>	<b>77</b>
Visibility	100
Relevance	65
Ownership	65

<b>Implementation</b>	<b>55</b>
Means & resources	48
Coverage	65

<b>Results</b>	<b>65</b>
Performance	65

Human rights

Score: 50

**HRT1.1**      **Respect for human rights standards and prevention of violations**

(deactivated)

Ferreycorp is not involved in the construction, maintenance and management of large infrastructure projects or mining activities that could lead to population displacements and human rights abuses, therefore this issue is not analysed for the company.

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**HRT2.1 Respect for freedom of association and the right to collective bargaining**

(score: 34, weight: 2)



**Visibility of commitment**

The company has issued a formalised commitment to freedom of association and the right to collective bargaining in its Code of Ethics and Labour Relations Policy. The company is a signatory of the Global Compact but does not communicate on this principle.

**Relevance of commitment**

The company's commitment generally addresses freedom of association and the right to collective bargaining.

- protection of freedom of association and the right to organize
- respect of the right to collective bargaining
- respect and protection of workers' representatives
- explicit support for ILO Conventions C87, C98, C135 ,or similar international texts on union rights
- prevent employee representative discrimination
- guarantee the effective exercise of the trade unions rights in the workplace
- prevent violations of the freedom of association and the right to organize

**Ownership of commitment**

The commitment applies throughout the company, supported by senior management. The company has informed Vigeo Eiris that the Central Manager of Human Resources is responsible for oversight this issue.

**Monitoring**

It is not clear what steps the company takes to ensure that freedom of association is respected throughout the company's operations (e.g.: through external verification, risk mapping, audits, etc.)

- occasional risk mapping
- occasional internal audits
- on-going monitoring of labour rights risks
- regular internal audits
- external audits/verification
- external investigation of allegations
- cooperation with unions: joint audits, joint grievance procedures etc.

**Promotion of collective bargaining**

Information obtained from company and public sources regarding measures in place to inform employees about their trade union rights is insufficient.

**Coverage**

Information obtained from company and public sources regarding the percentage

of the company where such labour rights systems and programmes are in place is insufficient.

**Stakeholders' feedback**

*As of 08/2018, Ferreycorp did not appear to be involved in any controversy related to this sustainability driver*

<b>Leadership</b>	<b>37</b>
Visibility	65
Relevance	30
Ownership	30

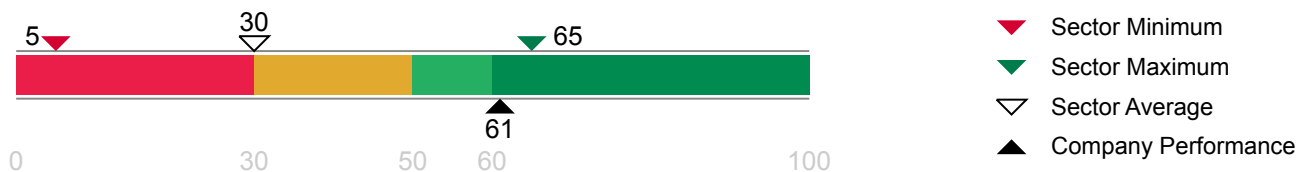
<b>Implementation</b>	<b>0</b>
Means & resources	0
Coverage	0

<b>Results</b>	<b>65</b>
Performance	65



**HRT2.4 Non-discrimination**

(score: 61, weight: 3)



**Visibility of commitment**

The company has issued a formalised commitment to non-discrimination in its Code of Ethics and in its Gender Equity Policy. The company is a signatory of the Global Compact and communicates on this principle.

**Relevance of commitment**

The company's commitment to non-discrimination explicitly defines most of the categories and the management processes to which these apply:

- gender
- sensitive medical conditions
- trade union membership or activities
- other (please define)
- Discrimination in employment decisions (such as hiring, promoting or redundancies)
- Discrimination in working conditions (such as working hours, training, remuneration or social security)
- race / ethnicity / nationality
- social background
- religion
- sexual orientation
- family responsibilities (including pregnancy)
- disabilities
- political opinion
- age

**Ownership of commitment**

The commitment applies throughout the company, supported by senior management. Ferreycorp states that its Corporate Policy against Harassment and Discrimination is approved by the Human Resources Management.

**Means allocated**

The company has set up significant measures to prevent discrimination and promote diversity:

- awareness raising
- maternity pay (greater than the statutory requirement)
- paternity pay (greater than the statutory requirement)
- job sharing initiatives
- monitoring of salary disparities
- training
- monitoring
- confidential reporting system / grievance procedures
- disciplinary procedures / corrective measures

- affirmative action programmes
- flexitime initiatives
- child care facilities/child care subsidies
- career break opportunities

- awareness raising: the company has informed Vigeo Eiris that it organizes a meeting of female leaders to promote diversity and inform about sexual harassment.

- affirmative action programmes: the company reports to have a labour inclusion programme in place to promote the incorporation of people with disabilities;

- monitoring: Ferreycorp monitors its gender balance and the share of women in management positions.

- confidential reporting system: The company has informed Vigeo Eiris on having a confidential reporting system, through which discriminations can be reported;

- monitoring of salary disparities: The company monitors the ratio of basic salary and remuneration of women to men for three different job levels.

**Coverage**

The company has set up programmes to promote diversity in a majority of its operations.

Monitoring is Group-wide and the company has informed Vigeo Eiris that these measures apply to the majority of its operations.

**Results in terms of gender distribution**

The share of women in management positions has increased, but not continuously, by 3 percentage points over the past five years, from 17% in 2013 to 20% in 2017. The share of women in the total workforce has remained overall stable at 12% by the end of 2017.

**Results in terms of employment of persons with disabilities**

The share of employees with disabilities in the total workforce has remained stable over the past three years.

**Stakeholders' feedback**

As of 08/2018, Ferreycorp did not appear to be involved in any controversy related to this sustainability driver.

<b>Leadership</b>	<b>65</b>
Visibility	65
Relevance	100
Ownership	30

<b>Implementation</b>	<b>65</b>
Means & resources	65
Coverage	65

<b>Results</b>	<b>52</b>
Performance	65
Trends	48

Community involvement

Score: 46

CIN1.1 Promotion of the social and economic development

(score: 46, weight: 2)



The company has issued a formalized commitment to promote local social and economic development, but its accessibility is limited.

Visibility of the policy

On its correspondence with Vigeo Eiris, the company has provided its Corporate Policy on Sustainable Development, on which it has issued a formalized commitment to promote local social and economic development. However, this document does not seem to be publicly available.

The company's commitment to promote local social and economic development is general.

Relevance of commitment

- Promote the creation and development of local businesses
- Promote the transfer of technology and skills to developing countries
- Reduce the social impacts related to site closures, openings, and restructuring
- Promote the employment and training of local personnel
- Implement a responsible tax strategy

The company report that it commits to focus on the creation of economic, social and environmental value and adequate management of all the stakeholders, and on the positive or negative impacts that its interactions could generate, in order to contribute to the sustainability of the business and society as a whole.

Ownership of commitment

The commitment applies throughout the company, supported by senior management. In addition, other employees are directly involved.

The company has informed Vigeo Eiris that there is a department of Social Responsibility that works under the management of Image and Communications and it is responsible for this policy.

Means allocated

The company has allocated significant means to address social and economic development, including:

- programmes to support the creation of local businesses
- programmes to actively hire local suppliers
- training programmes/ apprenticeships
- programmes to support transfer of technologies

- training programmes: Ferreycorp report that it has implemented a two-year programme geared toward the education of young people for a technical career as a Caterpillar equipment mechanic. The tuition fees for this programme are paid by the company, and students repay the company once they are employed. FSAA also offers the "Sowing your future" programme to young people coming from low-income families in a neighbourhood of Lima. The students are offered scholarships to attend the National Center for training in industrial jobs.

- programmes to support transfer of technologies: The company reports on programmes, such as the "Pre-professional Practices Programme and Support for Academic Research and Vocational Guidance" and "Think Big" which aim to train young professionals in the technical career of mechanics, giving them access to an educational credit fund that allows students to finance up to 100% of their studies.

**Geographical coverage**

These means are allocated in a minority of company sites.

The company reports on having implemented these programmes in Perú and its provinces.

**Performance trend**

The company does not monitor/report indicators on social and economic development.

**Transparency of tax reporting**

The Company reports significantly on taxes paid. Reporting covers:

- taxes paid in some countries of operations
- taxes paid in some regions of operations
- taxes paid in key regions of operations
- taxes paid in key countries of operations
- sales per zone
- operating profit per zone
- number of employees per zone
- ratio between tax paid and headline corporate tax rate per zone
- explanation for significant differences between tax rate actually paid and expected tax rate

- taxes paid in key countries of operations: the company reports on taxes paid in Peru (about 94% of its operations), Guatemala (5% of its operations), El Salvador (3% of its operations), Belize, the USA (0.8% of its operations), Nicaragua, Honduras, Panama and Chile.

- number of employees per zone. The company has provided Vigeo Eiris with the information on the number of employees per country of operations.

**Presence in IMF 'offshore financial centers' and/ or in jurisdictions considered by the OECD as not compliant enough with tax transparency rules**

The Company operates in IMF 'offshore financial centres' and/ or in jurisdictions considered by the OECD as not compliant enough on tax transparency rules, and it justifies its presence in most of them.

The Company operates in Guatemala, a country considered by the OECD as non compliant enough on tax transparency rules, and in Panama, a country considered by the IMF as an 'offshore financial centre', and it justifies its presence there: Ferreycorp is formed by a number of businesses, among which Cat Machinery and Gentrac in Guatemala where they operate in the construction and infrastructure sector; the company is present in Panama through Gentrac Corporation of Panama, owner of Caterpillar distributors in Guatemala, El Salvador and Belize.

**Stakeholders' feedback**

A review of stakeholder sources did not reveal any allegations against the company during the period under review: stakeholders' feedback is neutral

As of 08/2018, Ferreycorp did not appear to be involved in any controversy related to this sustainability driver.

Leadership	41	Implementation	48	Results	48
Visibility	30	Means & resources	65	Performance	65
Relevance	30	Coverage	30	Trends	0
Ownership	65				

## Business behaviour (C&S)

Score: 43

### C&S1.1 Product Safety (process and use)

(deactivated)

Ferreycorp does not manufacture the products it distributes, sales and leases, therefore, the issue of product safety is not analysed for this company.

**C&S2.3 Integration of environmental factors in the supply chain**

(score: 37, weight: 1)



**Visibility of commitment**

The company has made references to including environmental factors in supply chain management in its:

*Annual Report. The company also reports it has a policy for selection of suppliers that comply with sustainability and environmental management standards. However, this policy does not appear to be publicly disclosed.*

**Relevance of commitment**

The company's environmental requirements for suppliers are general and refer only to applicable laws or corporate environmental policies.

- ISO 14001 certification of all suppliers
- Ban of certain materials (under the RoHS Directive)
- Certification of products purchased
- Minimum percentage of recyclable products
- Transparency about substances in supplied articles (under the REACH Directive)
- Full traceability of nanomaterials in products
- Environmental policy covering the sector's key challenges

*The company reports it has a supplier hiring policy for selection of suppliers that comply with sustainability and environmental management standards.*

**Ownership of commitment**

The commitment applies throughout the company, supported by senior management.

*The company has informed Vigeo Eiris that the Sub Manager of infrastructure and corporate services is responsible for oversight this issue.*

**Means allocated**

The company has set up significant measures to include environmental factors in supply chain management:

- integration of environmental issues into contractual clauses
- supplier questionnaires/ supplier assessment
- supplier support (training, technical assistance, etc.)
- training/awareness raising of employees in charge of purchasing
- non-compliance procedures for suppliers (re-auditing, re-training, eventual ending of contracts)
- risk assessments for suppliers

*- supplier questionnaires/ supplier assessment: Ferreycorp reports on having a questionnaire for the evaluation of suppliers where questions about social responsibility, good practices and climate change have been considered, are reported to be in place.*

- *supplier support: Fargoline, a subsidiary of the company, reports to train all its suppliers on topics including environmental subjects.*

- *non-compliance procedures for suppliers: The company reports on an evaluation process on the homologation of suppliers. Suppliers who do not meet the minimum requirements to pass the evaluation have an opportunity to improve their evaluation by taking immediate corrective action. If they do not improve, they cease to be the company's suppliers.*

**Coverage**

The measures implemented cover only a very limited number of purchases/ suppliers.

*The company has informed Vigeo Eiris that only suppliers that were identified with risk were considered, this represents 6.8% of the company's suppliers.*

**Audits of suppliers**

Dedicated environmental audits are carried out by external auditors.

*Ferreycorp has informed Vigeo Eiris that audits started to have been carried out and by an external auditor, and includes environmental aspects.*

**Share of corrective measures vs problems uncovered**

Information disclosed on the share of environmental problems in the supply chain that were addressed by corrective measures is insufficient.

*The company reports that it is currently evaluating the 2% of suppliers that presented non-conformities, however there is no evidence if those are related to environmental problems.*

**Stakeholders' feedback**

A review of stakeholder sources did not reveal any allegations against the company during the period under review: stakeholders' feedback is neutral

*As of 08/2018, Ferreycorp did not appear to be involved in any controversy related to this sustainability driver.*

<b>Leadership</b>	<b>30</b>
Visibility	30
Relevance	30
Ownership	30

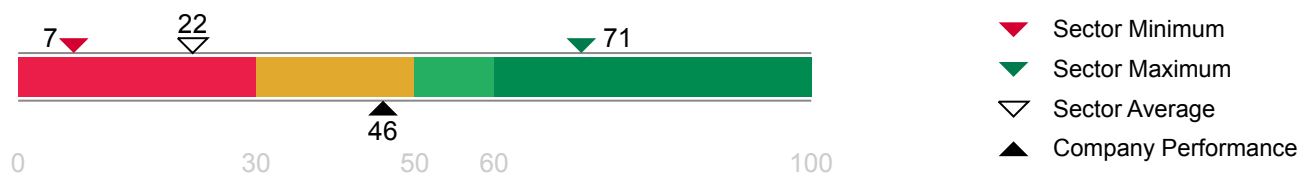
<b>Implementation</b>	<b>58</b>
Means & resources	82
Coverage	0

<b>Results</b>	<b>22</b>
Performance	22



**C&S2.4 Integration of social factors in the supply chain**

(score: 46, weight: 2)



**Visibility of commitment**

The company has made references to including social factors in supply chain management in its:

*Annual Report and Principles of Corporate Social Responsibility.*

**Relevance of commitment**

The company's social requirements for suppliers address the main relevant issues in the sector:

- Freedom of association and right to collective bargaining
- Responsible sourcing of minerals
- Abolition of child labour
- Abolition of forced labour
- Non-discrimination
- Health and Safety
- Decent wages
- Working hours
- Other rights (e.g. prevention of cruel, degrading and inhuman behaviour, etc.)

**Ownership of commitment**

The commitment applies throughout the company, supported by senior management.

*The company has informed Vigeo Eiris that the Sub Manager of infrastructure and corporate services is responsible for oversight this issue.*

**Means allocated**

The company has set up significant measures to include social factors in supply chain management:

- integration of social issues into contractual clauses
- supplier questionnaires/ supplier assessment
- supplier support (training, technical assistance, etc.)
- training/awareness raising of employees in charge of purchasing
- non-compliance procedures for suppliers (re-auditing, re-training, eventual ending of contracts)
- risk assessments for suppliers

*- integration of social issues into contractual clauses: The principles of corporate social responsibility are reported to be part of the supplier's contracts and to condition the renewal or contracting of suppliers.*

*- supplier questionnaires/ supplier assessment: Ferreycorp reports on having a questionnaire for the evaluation of suppliers, where questions about social responsibility, good practices and climate change have been considered, are reported to be in place.*

- non-compliance procedures for suppliers: The company reports on an evaluation process on the homologation of suppliers. Suppliers who do not meet the minimum requirements to pass the evaluation have an opportunity to improve their evaluation by taking immediate corrective action. If they do not improve, they cease to be the company's suppliers

**Coverage**

The measures implemented cover the main purchases/suppliers.

*Ferreycorp has informed Vigeo Eiris that the measures implemented cover the majority of its operations.*

**Audits of suppliers**

Dedicated social audits are carried out by independent, external auditors.

*Ferreycorp has informed Vigeo Eiris that audits started to have been carried out by an external auditor, and includes social aspects.*

**Due diligence measures for conflict free supply chain**

Information obtained from company and public sources regarding due diligence measures to prevent conflict minerals from entering in the supply chain is insufficient.

- Chain of custody tracking and/or traceability (at mines, trading centers, transportation routes, artisanal miners, suppliers)
- On site audits by an accredited third party auditor
- Certification of chain of custody by third party
- Transparency (making reporting online available/answer to customer inquiries)
- Cooperation with stakeholders (NGO, local networks, sector peers)to built capacities in this field.

**Share of corrective measures / problems uncovered**

The company does not disclose quantitative data on the share of social problems in the supply chain that were addressed by corrective measures.

**Stakeholders' feedback**

A review of stakeholder sources did not reveal any allegations against the company during the period under review: stakeholders' feedback is neutral

*As of 08/2018, Ferreycorp did not appear to be involved in any controversy related to this sustainability driver.*

<b>Leadership</b>	<b>48</b>
Visibility	30
Relevance	65
Ownership	30

<b>Implementation</b>	<b>69</b>
Means & resources	71
Coverage	65

<b>Results</b>	<b>22</b>
Performance	22

C&S3.1 Prevention of corruption

(score: 50, weight: 3)



Visibility of commitment

The company has issued a formalised commitment to preventing corruption in its Code of Ethics. In addition, the company is a signatory of the Global Compact and communicates on this principle.

Relevance of commitment

The company's commitment to preventing corruption addresses its main responsibilities:

- giving / receiving bribes
- restriction of facilitation payments
- gifts and invitations
- extortion
- fraud
- embezzlement
- money laundering
- conflicts of interest
- illegal financing of political parties
- prohibition of facilitation payments

Ownership of commitment

The commitment applies throughout the company, supported by senior management. In addition, other employees are directly involved.

In its answers to Vigeo Eiris, the company reported that there are an Ethics officer as well as a Compliance officer in charge of ensuring that this commitment is respected throughout its operations. Both officers report to the company's corporate affairs manager.

Involvement of employees

The company has instituted awareness-raising programmes for relevant employees on corruption prevention.

In its answer to Vigeo Eiris, the company reported that it has a code of ethics training where the anti-corruption policies are reviewed. The company also mentions that within the ethics training, it is mandatory to sign a document of commitment and compliance of the code of ethics, however, it is not done on a yearly-basis. Instead, it is required to be signed whenever it is updated or amended.

Of note, Ferreycorp reports that there is an anti-corruption clause in contracts with third parties, however there is no evidence that formal training programmes for relevant employees and contractors on corruption prevention are in place.

Means allocated

The company has set up internal controls to prevent corruption that include:

- approval procedures for gifts, etc. by an independent department

- external audits (by an independent, external specialised organisation)
- external investigations of allegations
- the possibility to contact internal audit, legal or compliance departments directly & confidentially
- a dedicated confidential hotline or email address
- internal audits (internal verification of compliance with the company's code of conduct etc.)
- risk assessment of company vulnerability
- due diligence on joint ventures
- due diligence in evaluating contracts/suppliers
- systems for appointment/remuneration of agents
- identify and black list known bribe payers

- approval procedures for gifts, etc. by an independent department: The company has a Gifts and Invitations Policy, which is supervised by the Corporate Management of Corporate Affairs.

- the possibility to contact internal audit, legal or compliance departments directly & confidentially: The company has informed Vigeo Eiris that employees have the ability to contact internal audit in a confidential manner.

- a dedicated confidential email address: Ferreycorp has informing Vigeo Eiris on having a dedicated confidential email adress, [confidencialidad@ferreycorp.com.pe](mailto:confidencialidad@ferreycorp.com.pe). Through this email, employees can report certain events that are not in order with the code of ethics or the corporate code of conduct.

- internal audits: The company reports on having an ethics official and committee in charge of verifying compliance with the company's code of conduct through internal audits.

- due diligence in evaluating contracts/suppliers: the company has informed Vigeo Eiris that, in some cases, it has a due diligence process in the evaluation of contracts/suppliers.

Of note, the company reports it has implemented a complaint channel to report possible violations of the Code of Ethics, but it is unclear whether it is confidential. Ferreycorp also mentions that it receives an external audit by Price Waterhouse Cooper, but does not specify whether these audits are focused on the corruption prevention.

**Coverage**

The measures implemented cover all significant parts of the company.

**Reporting**

The company discloses quantitative data on the corruption incidents reported internally.

The company has informed Vigeo Eiris that no case of corruption had been reported through its internal system over the past three years. However, in the company's 2016 Annual Report, it has been mentioned that 5 cases of non-compliance with the Code of ethics, which covers corruption issues, were detected.

**Stakeholders' feedback**

As of 08/2018, Ferreycorp did not appear to be involved in any controversy related to this sustainability driver.

Leadership		Implementation		Results	
Leadership	65	Implementation	32	Results	53
Visibility	65	Means & resources	32	Performance	53
Relevance	65	Coverage	30		
Ownership	65				

C&S3.2 Prevention of anti-competitive practices

(score: 46, weight: 2)



Visibility of commitment

The company has issued a formalised commitment to prevent anti-competitive practices in its:

*Code of Ethics.*

Relevance of commitment

The company's commitment to preventing anti-competitive practices addresses its main responsibilities:

- market-sharing
- abuse of dominant position
- dumping
- industrial espionage
- price-fixing

Ownership of commitment

It is unclear who is responsible for the company's commitment or to which parts of the company it applies.

Involvement of employees

The company has instituted awareness-raising programmes for relevant employees on the prevention of anti-competitive practices.

*In its answer to Vigeo Eiris, the company reported that it has a code of ethics training where the anti-competitive practices topic is reviewed. The company also mentions that within the ethics training, it is mandatory to sign a document of commitment and compliance of the code of ethics, however, it is not done on a yearly-basis. Instead, it is required to be signed whenever it is updated or amended.*

Means allocated

The company has set up internal controls to prevent anti-competitive practices that include:

- approval procedures for contract prices etc. by an independent department
- the possibility to contact internal audit, legal or compliance departments directly & confidentially
- a dedicated confidential hotline or email address
- risk assessment of vulnerability areas within the company
- internal audits (internal verification of compliance with the company's code of conduct etc.)
- external audits (by an independent, external specialised organisation)
- external investigations of allegations

*- the possibility to contact internal audit, legal or compliance departments directly &*

*confidentially: The company has informed Vigeo Eiris that employees have the ability to contact internal audit in a confidential manner.  
- internal audits: The company reports on having an ethics official and committee in charge of verifying compliance with the company's code of conduct through internal audits.*

*Of note, the company reports it has implemented a complaint channel to report possible violations of the Code of Ethics, but it is unclear whether it is confidential. Ferreycorp also mentions that it receives an external audit by Price Waterhouse Cooper, but does not specify whether these audits are focused on the anti-competitive practices topic.*

**Coverage**

The measures implemented cover all significant parts of the company.

**Reporting**

The company discloses quantitative data on the antitrust incidents reported internally.

*The company has informed Vigeo Eiris that no antitrust incidents had been reported through its internal system over the past three years. However, in the company's 2016 Annual Report it has been mentioned that 5 cases of non-compliance with the Code of ethics, which covers antitrust issues, were detected.*

**Stakeholders' feedback**

*As of 08/2018, Ferreycorp did not appear to be involved in any controversy related to this sustainability driver.*

<b>Leadership</b>	<b>52</b>
Visibility	65
Relevance	65
Ownership	0

<b>Implementation</b>	<b>32</b>
Means & resources	32
Coverage	30

<b>Results</b>	<b>53</b>
Performance	53

**C&S3.3 Transparency and integrity of influence strategies and practices**

(score: 12, weight: 1)



**Visibility towards stakeholders**

The visibility of the company's commitment to ensuring transparency and integrity of lobbying practices is insufficient.

**Comprehensiveness of the commitment**

The company does not disclose any commitment to ensuring transparency and integrity of lobbying practices.

- to prevent any contrast with public international conventions (UN, ILO, OECD)
- not obtain or try to obtain information, or any decision, dishonestly
- not to misrepresent themselves to mislead third parties and/or staff of public authorities
- openly declare the company's business interests
- ensure that information provided is up-to-date, complete and not misleading
- not induce staff of PA to contravene rules of behaviour applicable to them
- if the company employs former staff of PA, to respect their obligation of confidentiality
- to be transparent on the amounts of donations to political parties/organisations

**Ownership of commitment**

The company does not disclose any commitment to ensuring transparency and integrity of lobbying practices.

**Involvement of employees**

Information regarding the involvement of employees in ensuring transparency and integrity of lobbying practices is insufficient.

**Measures allocated**

Information regarding measure allocated to ensure transparency and integrity of lobbying practices is insufficient.

- publication of detailed information on lobbying activities
- approval procedures for gifts, travel or other privilege by an independent department
- a dedicated confidential hotline or email address
- internal monitoring for lobbying budget
- internal audits for lobbying activities
- independent party for monitoring lobbying budget/external audit
- external investigations of allegations
- disclosure of the positions in the period of preparation of a debate and during the debate



## Coverage

Information regarding the percentage of the company covered by such controls and measures is insufficient.

## Reporting

The company does not disclose the budget directly and directly dedicated to lobbying practices.

## Stakeholders' feedback

*As of 08/2018, Ferreycorp did not appear to be involved in any controversy related to this sustainability driver.*

<b>Leadership</b>	<b>0</b>
Visibility	0
Relevance	0
Ownership	0

<b>Implementation</b>	<b>0</b>
Means & resources	0
Coverage	0

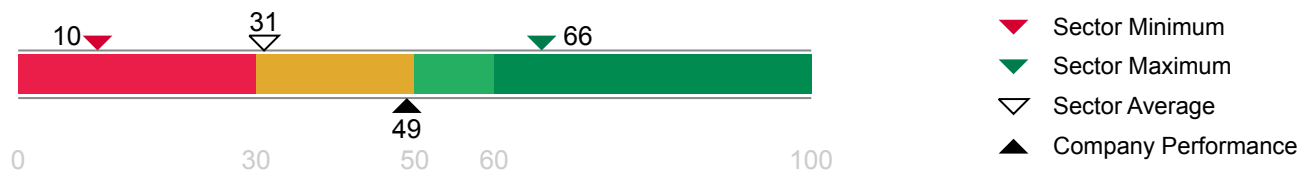
<b>Results</b>	<b>35</b>
Performance	35

Corporate governance

Score: 43

CGV1.1 Board of Directors

(score: 49, weight: 3)



**[LISTED COMPANIES] Existence and independence of Nomination Committee** A specific committee is in place, but at least one executive is part of it, which might raise concerns.

**Independence of the Board Chairman**

The roles of Chairman and CEO are combined and there is no senior independent director.

**Responsibility allocated over CSR issues**

There is a CSR committee that is part of the Board.

*The head of Corporate Communication is in charge of the company's social responsibility issues and reports directly to the CEO. The company has informed Vigeo Eiris that it has a Sustainable development committee.*

**Share of independent shareholder-elected Board members**

[LISTED COMPANIES] The Board is between 34 and 50% independent, which is less than the recommended level.

*4 members of the 9-member Board are considered independent.*

**Diversity of the skills and backgrounds of the Board**

The Board of Directors diversity appears to be partial:

- At least 30% of directors are women
- At least 40% of directors are women
- Employee representative(s) sitting on the Board
- Board members with demonstrated professional experience in the company's sector of activities
- Board members with demonstrated expertise on CSR issues

*Board members with demonstrated professional experience in the company's sector of activities: Some directors appear to have experience in company's sector of activities, as example, Jorge Ganoza Durant has been co-founder and President of the Board of Directors of Atico Mining Corporation; Humberto Nadal is Chairman and Director of Cementos Pacasmayo, as well as Chairman and Vice President of Inversiones ASPI, holding company in control of Cementos Pacasmayo; Javier Otero is reported to be member of the Board of Directors of Milpo Mining Company and Atacocha Mining Company.*

**Training and expertise provided to board members**

Training is provided upon joining the Board.

*The company reports that it carries out induction programmes for new members.*

**Regular election of Board members**

[LISTED COMPANIES] Board members are elected at least every three years and these elections are not staggered.

**Evaluation of Board's functioning and performance**

Performance is evaluated regularly by a third party.

*Board evaluation is conducted every year, and an external evaluation takes place every two years. However, results do not appear to be disclosed.*

**Review of CSR issues at Board meeting**

Most of the relevant CSR issues for the company are discussed at Board level.

- Product safety
- Supply chain management
- Labour relations
- Health & Safety
- Environmental impacts from the use and disposal of products
- Climate change (production processes)

*The company has informed Vigeo Eiris that its sustainability report has been presented to the board and the document covers these main issues.*

**Regularity of and attendance at Board meetings**

Regular meetings are held, and attendance rates are disclosed, but these are below 90%.

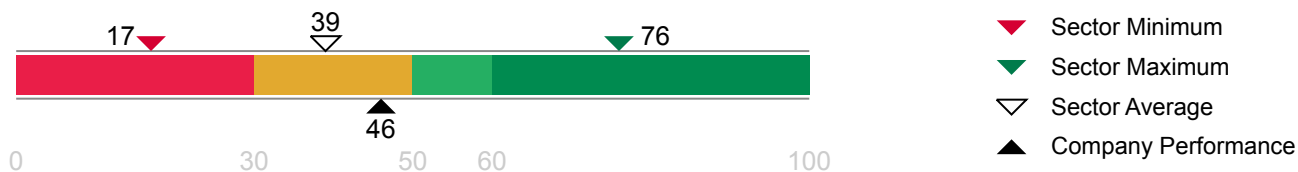
*16 Board meetings were held during 2017 and the attendance rate was 89%.*

Name of Board member	Role	Executive	Non executive	Employee representative	Nomination	Audit	Remuneration	Former executive	> 9 years on Board	Stock options	Paid>1/2 executive salary	Represent>3% company's shares	Other	Independency
Oscar Espinosa	CEO, Chairman	X			X	X	X		X					
Carlos Ferreyros	Vice President	X			X	X	X		X					
Manuel Bustamante			X									X	Vice President of La Positiva Seguros y Reaseguros	
Jorge Ganoza Durant			X											X
Humberto Nadal	Chair of the Nomination, Remuneration , Corporate Governance and Sustainability Committee		X		X		X							X
Gustavo Noriega			X		X	X	X							X
Javier Otero	Chair of the Audit Committee		X			X								X
Juan Manuel Peña			X		X	X	X		X			X	president of La Positiva Seguros y Reaseguros and La Positiva Vida, Seguros y Reaseguros	

Name of Board member	Role	Executive	Non executive	Employee representative	Nomination	Audit	Remuneration	Former executive	> 9 years on Board	Stock options	Paid>1/2 executive salary	Represent>3% company's shares	Other	Independency
Andreas v. Wedemeyer			X		X	X	X		X					

CGV2.1 **Audit & Internal Controls**

(score: 46, weight: 2)



**[LISTED COMPANIES] Existence and independence of Audit Committee** A specific committee is in place, but at least one executive is part of it, which might raise concerns.

**Skills and backgrounds of Audit Committee members** Members appear to have financial and/or audit experience AND relevant operational experience.

**Operational and CSR risks covered by the company's internal controls system**

The system covers the standard issues related to financial, operational, and legal risks.

- Product safety
- Supply chain management
- Climate change (production processes)
- Environmental impacts from the use and disposal of products
- Health & Safety
- Business ethics

*The company mentions it has a Risk Policy but it does not appear to be publicly disclosed.*  
*Of note, the company has provided Vigeo Eiris with its "Statute of the Internal Audit Activity" where it is specified the internal audit on its internal control system and risk management.*

**Role of the Audit Committee in overseeing internal and external controls**

There is a confidential reporting system in place for accounting issues. In addition, the Audit Committee has a comprehensive role that includes:

- Oversee internal audit and internal controls
- Review accounting policies and be responsible for updates
- Nominate the statutory auditor
- Oversee the work of the external auditor
- Approve the type of audit and non-audit services provided and fees paid to the external auditor

*The company has informed Vigeo Eiris that it has a confidential reporting system in place for accounting issues.*

**Management of the CSR risks**

Limited processes dedicated to management of CSR risks appear to be in place:

- Balanced scorecard
- Risk-related training
- Monitoring of key risk indicators
- Reporting system to the Board

- Risk mapping/materiality assessment
- A Board Risk Committee with no executive part of it

*- Reporting system to the Board: the Committee of Audit and Risks has presented a Compliance Report to the Board, which assesses the level of compliance with the regulations on critical aspects of the business including the Code of Ethics, asset laundering, transparency for public procurement, tax declaration and payment, and labour rights.*

**Independence of the firm's external auditors**

The audit firm receives non-audit fees, but these represent only 25% or less of total fees.

*Non-audit fees represented 24.6% of total fees paid to PricewaterhouseCoopers in 2016.*

**Inclusion of CSR issues in the company's reporting**

The company publishes significant CSR reporting on key material issues.

**Stakeholders' feedback**

*As of 08/2018, Ferreycorp did not appear to be involved in any controversy related to this sustainability driver.*

**CGV3.1 Shareholders**

(score: 62, weight: 2)



**Nonexistence of voting rights restrictions**

The company respects the "one share - one vote" principle.

**Nonexistence of anti-takeover devices**

There is no reference to anti-takeover devices in the company's reporting.

**Safeguards on transactions with major shareholder(s)**

Less than half of the board is independent. However, there are other safeguards in place to monitor transactions between the company and its major shareholder(s).  
*Ferreycorp states it has procedures and policies at Board level to assess, approve and disclose certain operations between the corporation and related parties.*

**Ability to add items to the agenda of the AGM and to convene an EGM**

No major restrictions have been identified.

**Access to voting at General Meetings**

There are no major restrictions on shareholders' ability to vote, and it is possible to vote using online services.

**Ability to vote on relevant issues in separate resolutions at AGM**

Not all major items are put to a shareholder vote.  
*It appears that the following item is not put to a vote at the AGM:  
- Executive remuneration*

**Presentation of CSR strategy to shareholders and investors**

The company has presented to shareholders and investors its CSR strategy but this covers a limited part of the most relevant CSR issues.

- Product safety
- Supply chain management
- Climate change
- Environmental impacts from the use and disposal of products
- Health & Safety

*The Company has informed Vigeo Eiris that the Annual Report is presented to the investors, which contains a section on the company's progress in terms of CSR.*

**Stakeholders' feedback**

*As of 08/2018, Ferreycorp did not appear to be involved in any controversy related to this sustainability driver.*

CGV4.1 Executive Remuneration

(score: 11, weight: 2)



**[LISTED COMPANIES] Existence and independence of Remuneration Committee** A specific committee is in place, but at least one executive is part of it, which might raise concerns.

**Disclosure of senior executives' individual remuneration** [LISTED COMPANIES] Executive remuneration is disclosed, but on a collective rather than on an individual basis.

**Link between Short Term Incentive Plans and the performance of the company** Bonuses are said to be linked to predetermined economic and/or operational performance indicators, but these are not disclosed.  
*The company reports that the variable component is first determined according to the company's results and then considering the person's performance. Criteria such as accomplishment of goals, value generation impact, constant improvement contribution, as well as leadership elements, interpersonal relationships and communication skills are considered.*

**Link between the main Long Term Incentive Plan and the performance of the company** Information on the rules and performance conditions guiding the allocation of long-term incentives to senior executives is insufficient.  
*Of note, the company states that it does not pay its executives in stock options.*

**Link between variable remuneration and CSR performance of the company** Variable remuneration is said to be linked to CSR performance objectives, but these are not disclosed.

- Product safety
- Supply chain management
- Health & Safety
- Human resources development
- Climate change
- Business ethics

*The company reported to Vigeo Eiris that, amongst the corporate objectives that are used for determining executives' variable remuneration, there are some linked to the company's performance in terms of CSR management, however no further details are provided.*

**Evolution of CEO-to-employee compensation ratio** Information obtained from company and public sources regarding the compensation of CEO and the average employee salary is insufficient.

*The company does not appear to disclose its employee wages and salaries neither CEO's compensation.*



## Stakeholders' feedback

*As of 08/2018, Ferreycorp did not appear to be involved in any controversy related to this sustainability driver.*

## Detailed Scores and Ratings

### CURRENT AND PREVIOUS RATINGS

Period	Environment	Human resources	Human rights	Community involvement	Business behaviour (C&S)	Corporate governance
2018/08	+	++	++	+	+	+
2018/03	=	+	+	=	=	=
2016/10	=	++	=	=	+	=

### SCORES PER DOMAIN

Domain	Average Score	Leadership	Implementation	Results
Environment	24	23	32	0
Human resources	41	35	44	45
Human rights	50	54	39	57
Community involvement	46	41	48	48
Business behaviour (C&S)	43	47	40	41
Corporate governance	43	29	44	56

### SCORES PER CRITERIA

Sub-domain	Criterion	Score
Environment 1	1	66
	2	N/A
	4	N/A

Sub-domain	Criterion	Score
Environment 2	1	N/A
	2	20
	4	N/A
Environment 3	5	N/A
	1	0

Sub-domain	Criterion	Score
Human resources 1	1	7
Human resources 2	3	33
	4	62
Human resources 3	2	66

Sub-domain	Criterion	Score
Human rights 1	1	N/A
Human rights 2	1	34
	4	61

Sub-domain	Criterion	Score
Community involvement 1	1	46

Sub-domain	Criterion	Score
Business behaviour (C&S) 1	1	N/A
	3	37
Business behaviour (C&S) 2	4	46
	1	50
	2	46
Business behaviour (C&S) 3	3	12

Sub-domain	Criterion	Score
Corporate governance 1	1	49
Corporate governance 2	1	46
Corporate governance 3	1	62
Corporate governance 4	1	11

## Contacts

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## Overview of the latest updates

Date of the latest update	Information updated
2018/08	Carbon & Energy Transition
2018/08	<b>Full ESG profile</b>

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